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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John R. Block before the 21st Annual Meeting of the Midwest Governors' Conference, Des Moines, Iowa, at noon, July 19, 1982

I am pleased to be here among so many old friends today. When I was director of agriculture in Illinois, I looked forward to these meetings. I was always ready to learn, and I learned a lot from all of you. I've gone on to quite a new kind of learning experience since then. And one thing I've learned first hand is how helpful the farm state governors can be to the secretary of agriculture.

After all, to a governor here in the Midwest the farm economy is not just in a line on a graph. It's the local economy. It's the people in each of your states working, raising families and planning for the future. It's communities with schools, hospitals, police, and other public services. That's why we need you in Washington to speak out for agriculture as only you can. We also need your ideas on what to do for agriculture—and you are giving them to us—especially in meetings like this.

As secretary of agriculture, I have set priorities for the department. My first priority, of course, is to help build a healthy, strong farm economy. Exports play a significant role in that. But hand in hand with these priorities goes soil and water conservation, and that's my other key priority.

The point is, our soil and water resources won't be producing in 50 or 60 years if we don't conserve them now. In Iowa a few years ago, the USDA state conservationist told the Des Moines Register that Iowa farming began with 16 inches of topsoil 100 years ago. Today half of that is gone, and every 12 years, on hilly land, we lose another inch. I say "we" because when any state loses soil, it should concern every single American.

But as you know, I'm an optimist. We don't have to lose topsoil at that rate. We have the tools, and we're going to put them to work more effectively than ever before.

Today, I am pleased to bring you this administration's blueprint for revamping USDA's soil and water conservation programs in the years ahead—the RCA Program. I've selected your audience for this announcement because as farm state governors you are interested in conservation, and you will have a key role to play in this plan. RCA, the Soil and Water Resources Conservation Act of 1977, directs USDA to study our soil and water resources and come up with a new long-range approach. The work is now complete.

USDA had done its work, and all of you, the midwest governors, gave us your input last winter when we put a draft program out for public comment. I expect the president to be sending the final program formally to Congress shortly. Here are its six main features:

1. For the first time, USDA conservation programs will have national priorities. The first will be to combat excess soil erosion in high high-productivity farm areas. The second priority will be water problems. In the arid West, we will stress water conservation. Elsewhere, we will stress prevention of damage from upstream flooding. We have set these priorities because in the past, USDA conservation programs have attacked local problems on a "first-come, first-served" basis. We haven't had the national strategy or the accountability that a well-run program must have. Now we have them.

2. Along with national priorities, we will begin to target an increasing share of USDA conservation funds and personnel to areas where the need for conservation is critical in national terms. In the past, USDA tried to distribute conservation programs evenly. It did not pay special attention to erosion problems in any one place. Yet our data from the RCA appraisal shows us that 54 percent of sheet and rill erosion is on only 10 percent of the land. We know where those problems are, and where those problems will do the most harm to production. With targeting, we'll go after them.

3. At the same time, one of the strengths of the conservation programs of USDA is that they work in nearly 3,000 counties, and they can respond to all kinds of local conservation conditions that may not be national in scope. We do not want to change the essential fabric of this strong county-by-county delivery system. So targeting will take no more than 25 percent of total funds. We will phase it in over a five-year period, adding just five percent a year. This will leave a national base

program with a commitment of 75 percent of all funds. This base program will keep in place the local technical and financial assistance we have been giving to farmers and ranchers throughout the country.

4. Conservation priorities will be set by USDA. The program aid will be targeted to the most critical areas. But this alone will not do the entire job. States and local governments must take greater initiatives in conservation, especially as we struggle in Washington to hold down the growth of federal spending. I don't have to tell this audience that states have come up with their own successful conservation programs, as you have in Iowa, as we have in Illinois and the other Midwest states. States and local governments, too, can run conservation programs that are less costly and more effective than many federal programs. USDA will encourage more state and local initiative in conservation through the authority we have in the farm bill. That calls for matching grants to conservation districts, through state conservation agencies.

5. Conservation tillage will be a key feature of our program. It saves oil, it saves toil and it saves soil. USDA has been instrumental in promoting conservation tillage, and we will redouble our efforts, especially where we target programs to high-erosion areas.

6. Finally, we are going to survey all our USDA farm programs to find any that, unintentionally, may be working against good soil and water conservation. The RCA plan will require new borrowers in two Farmers Home Administration loan programs—the farm ownership and soil and water loans—to have conservation plans. We will look at other programs, too. If there's a USDA program we think is responsible for more soil erosion, we want to get the facts so we can fine tune that program in exactly those areas where the erosion problem exists.

This is the outline of where we want to take our USDA conservation programs over the next five years. And with me here today is Pete Myers, the Missouri farmer I put in charge of the Soil Conservation Service just three and one-half months ago.

I brought Pete in from this part of the country because we have this crucial job to do. We have got to sell the farmers of this country—farmer to farmer—on conservation. Pete will do it. He's been doing it. He's a true professional conservationist and a farm leader. He's a production farmer, he's practical and he's committed.

I think we have all that we need to do the job. I can't tell you that there will be bountiful increases in USDA funds and people coming out to your states to do the job. But you haven't been waiting for that. Here in Iowa, Governor Bob Ray hasn't been waiting for it. We didn't sit back and wait in Illinois either. The job has to be done. We'll put our own house in order at USDA. We'll target our funds for greater effectiveness. We'll maintain our delivery system.

But in your states, you must—and I know you will—move ahead with your own programs. We can work together—USDA and the farm state governors—to make these 1980's the decade when the Midwest met the soil conservation problem head-on and won the battle.

Now before I close, I want to say just a few words about our plans to expand exports. Over the years, the department has worked closely with state agriculture departments to promote exports, especially the value-added products—processed, milled, refined and consumer-ready items. The adding of value to agricultural products creates more jobs in your states and contributes directly to urban economies.

Among the ways used to promote these products to foreign buyers are overseas food promotions and trade shows. These involve your directors of agriculture at times, and also the four regional export associations supported by your states in the Midwest, the Northeast, the South and the West.

For the next year, we are involved in something new, a national export food show sponsored by the National Association of State Departments of Agriculture (NASDA) with USDA cooperation. This show—next May in Atlanta—will enable food exporters to show their products to a large number of foreign buyers, without the costs of foreign travel.

NASDA has just kicked off an intensive drive to enlist participation of food processors and exporters in all of your states. USDA, through the overseas officers of the Foreign Agricultural Service, is working to interest buyers in all parts of the world.

What we are shooting for is a permanent increase of \$100 million in export sales of value-added products. To do that, we need to present a large and representative variety of American food products in Atlanta next May. I hope that this effort will be actively supported by each of

your offices. It's a unique opportunity to build trade. With your help it will directly benefit your states.

Look at it this way: When we get all of our budget problems straightened out—and we're going to—then we're going to gradually see a decline in interest rates. That means we're near the final steps of recovery, and that means world recovery can't be far behind. With world recovery comes exports, perhaps the most tremendous export market we will ever face.

We have to be ready for that. We have to work now to clear up some of our market access problems, and we are doing just that. We have to work now to eliminate unfair trade practices, and we are doing just that. We have to develop trading relations with potential customers, and we're doing that, too. In other words, the export market is where our future is. And we're going to be ready for it.

All of this makes me excited about the future. Certainly, agriculture has been through some tough times, but we've been through tougher times before. And each time we learn something. Each time we become stronger and more resilient and more capable to meet new challenges. That's what agriculture is all about, and that's the contribution that it will continue to give to your states.

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**Remarks prepared for delivery by Under Secretary of Agriculture
Seeley G. Lodwick before the National Association of Marketing
Officials, Hershey, Pa., July 19, 1982**

Trends in International Trade

I am particularly pleased to be your keynote speaker at this convention. As marketing officials in the various states, your concerns are much the same as mine. We all are working to increase sales of U.S. products at home and abroad. Indeed, the strengthening of U.S. agricultural exports is the linchpin of the Reagan Administration's programs to improve farm income.

All of our domestic farm policy is based on the need for greater market orientation in agriculture and less government intervention in

the marketplace—at home and abroad. To that end, boosting agricultural exports is the No. 1 priority of the Reagan Administration for agriculture—and eliminating unfair trade practices by our major trading partners the No. 1 goal of U.S. trade policy.

Agriculture's Need to Export

There was a time when the United States primarily exported only its surpluses, and overseas sales played a very small role in most farmers' incomes. That has changed dramatically. Now we must export and that's the challenge we face today.

Farmers across the country depend on foreign sales for around a fourth of their returns from marketings. Almost two out of five acres of U.S. farmland are now used to raise commodities for export. In fact, U.S. farmers now plant more acres here to produce food for Japan than Japanese farmers plant for themselves at home.

The Export Outlook

As you know, agricultural exporting has never been an easy job, and this year we are facing an unprecedented conjuncture of negative factors which is depressing sales. Depressed economic conditions worldwide, large global stocks, high U.S. interest rates, and the strength of the dollar are all contributing to a softening of U.S. export prospects.

U.S. agricultural exports currently are expected to be about \$42 billion this fiscal year, down about 4 percent from the record high of 1981. This downturn, the first after more than a decade of steady growth, teaches us we cannot take for granted continued expansion in export markets.

While we are confident that the longer term export picture is bullish, export growth is not going to be easy in an international trading environment where protectionism, export subsidies and other types of unfair trading practices are becoming more prevalent all the time.

A very large part of my work at USDA in the past year has been to convey the Reagan Administration's commitment to a fair trading environment to our major trading partners—and to make sure they fully understand its implications.

The U.S. policy is really very straightforward: We in the United States intend to compete hard in the international marketplace, we want to compete fairly, and we expect our trading partners to do the same.

America's farmers and the workers in its agricultural support industries certainly are entitled to reap the rewards of their efficient production. Our farmers take great risks and work hard to produce a quality product at competitive prices. And it's our job in government to make sure that they have a chance to compete fairly in world markets. To that end, we are determined to defend our trading rights by all possible methods.

Actions to Strengthen Exports

The Reagan Administration has taken a number of actions in the policy arena as well as in the marketing area to strengthen export sales. To briefly list just a few:

- In April 1981 the president removed the embargo on agricultural sales to the USSR, which was hurting U.S. farmers vastly more it did the Soviet Union.
- We've undertaken new trade policy initiatives to encourage liberalization of Japan's import restrictions.
- We're making a concerted effort to get the EC to abandon its unfair trade policies.
- We've launched a major new market promotion effort, including the dispatch of high-level sales teams to 19 countries in Africa, Latin America and Asia.
- We're encouraging new cooperator activities in China and West Africa.
- We've opened new agricultural trade offices in Beijing, Tunis and Lagos, and we hope to open another this year in Saudi Arabia.
- We're making more effective use of export credits, including a concerted effort to make full use of the total authorization of \$2.5 billion for CCC credit guarantees. We are also being more careful about targeting of both commodities and destinations to ensure maximum effect.
- We're giving extra emphasis to the export of value-added products, already at \$12 billion to \$13 billion a year and certain to be enhanced by any lowering of trade barriers in Japan and Europe.

— Finally, last March President Reagan took a major step to restore importer confidence in the United States as a reliable supplier. In a speech to agricultural editors, he pledged that there would be no return to the stop-and-go export policies of the past several years.

He said flatly that no export restrictions will ever be imposed because of rising domestic prices, and he repeated his pledge that the only way a farm export embargo would be imposed would be in the context of a broader embargo mandated by an extreme foreign policy situation.

"Farm exports," the president said, "will not be used as an instrument of foreign policy except in extreme situations and as a part of a broader embargo. Agricultural products are fungible; that is they are easily interchanged for the same commodity from other nations. For this reason, the embargo of 1980 was almost totally ineffective, yet it caused great economic hardship to U.S. agriculture. We will not repeat such an action."

Thus, President Reagan became the first American president to flatly eliminate the possibility of any embargo for economic purposes. He went as far as any president safely could go in rejecting the embargo as a political instrument.

These are only a few of the actions we have taken to build agricultural sales overseas. At the same time, the Congress has shown more interest in and more support for agricultural trade than at any time in my memory.

— The Agriculture and Food Act of 1981 contains authority for export subsidies, if necessary, to counter unfair trade practices of other countries and it established an as yet unfunded export credit revolving fund to stimulate export sales.

— Members of the Congress have met with officials of both the EC and Japan to urge an end to their unfair trade practices.

— Foreign Affairs, Agriculture and other committees have held what seem to those of us called as witnesses to be dozens of hearings to focus on what can be done to increase agricultural exports.

I'm pleased to say that this interest in exports is being echoed in the private sector, which is being very supportive of our trade policies and planning.

For example, we have received whole-hearted private sector participation in the new pinpoint market development planning process.

In addition, the sugar, pasta, poultry and canned fruits and raisin industries have brought Section 301 complaints against EC trade practices in the past year, adding their weight to the earlier protests by the citrus and flour industries.

As marketing officials in the state departments of agriculture, you have always been our staunch allies in export development programs. We appreciate that, and we believe this is a time when we should be working more closely together than ever before to promote the interests of U.S. farmers in the world marketplace.

In that regard, I especially want to request that you lend your utmost efforts to promoting exhibitor participation in the National Food and Agriculture Exposition to be held next spring in Atlanta. It is sponsored by NASDA, as you know, with the full support of the Foreign Agricultural Service and the U.S. Department of Agriculture. The goal is to draw more than 600 U.S. exhibitors—and we are highly dependent on you and your contacts to see that this happens.

This exhibit will highlight another area on which USDA is focusing greater attention: value-added products. The state departments of agriculture have a special role to play in this area of trade because processed and consumer-ready items are often identified by origin, while bulk items are not.

This year, the United States will export between \$12 and \$13 billion in value-added products. This is twice the value of all agricultural exports by the United States as recently as 10 years ago.

Further growth in the export of value-added farm products is particularly desirable because processing creates additional jobs and other economic activity in this country. In a growing world market, it should be possible to achieve a substantial expansion in the export of processed products consistent with the growth in exports of bulk commodities such as feed grains, wheat, cotton, soybeans and leaf tobacco.

The opportunity to expand exports of processed commodities provides a new dimension to the overall market promotion activity of the federal and state governments. U.S. workers need the jobs created by exports of both bulk and processed commodities. U.S. business

needs the economic activity created by these exports. U.S. farmers need to have the processors of value-added items bidding for their products along with exporters of bulk commodities.

We in USDA, in the states and in the private sector who are involved in the agricultural exporting business have a long road ahead of us—new markets to pursue, established markets to maintain. In a world of increasing competitiveness and protectionism, the next decade may be our hardest.

But I'd like to remind you that while this is a period of great challenge for the United States in world markets, it is also a time of great opportunity because the interest of Americans in trade matters has never been higher, their support for export programs has never been stronger.

Agricultural exporting is a good business to be in. It's a business that serves a basic need in a growing market. It's a business where American agriculture performs better than anyone else in the world. And we're counting on you to carry this message back to your states.

American agriculture's past success in overseas markets is a major tribute to your business acumen. It was your efforts that enabled us to enlist more U.S. firms in the export effort, that helped us increase the number of U.S. products being traded in world markets.

Once again, I want to thank all of you for your past help—and challenge you to play an even greater role in exporting in the future. I have a lot of confidence that with your help, we'll be able to reverse the current decline in our agricultural exports and get them on a growth track once again in 1983.

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Remarks prepared for delivery by Assistant Secretary of Agriculture William G. Leshner at the Top Farmer Profitable Pricing Conference, Indianapolis, Ind., July 19, 1982.

Marketing Agricultural Commodities in a Changing Environment

I appreciate the opportunity to be here tonight and discuss the agricultural outlook and the importance of marketing in the profitability

of a farm business. More can and must be done to help farmers market their products more profitably. The environment of the 1980's demands that the same energy and dedication that made our farmers the most efficient agricultural producers in the world now be directed at making them the most effective agricultural businessmen in the world.

An Agricultural Outlook

The challenge is readily apparent in the outlook that has been presented by commodity analysts such as Glenn Grimes and Darrel Good. I would only underscore the magnitude of adopting appropriate marketing strategies by saying that no one, not even these distinguished gentlemen, can know what the future holds with any certainty. At the same time, I see the basis developing for world and U.S. markets to show underlying strength as economic conditions improve both here and abroad.

While crop stocks remain large, we have seen some tightening in prospective global supply-use balances for grains and cotton recently, with U.S. animal product output continuing at a reduced level. Our projection of global grain carryover stocks for the end of 1982/83 has dropped from 240 million tons to 216 million, a 10-percent reduction. The Soviet crop estimate has been cut 15 percent, from 200 million tons to 170 million, while Australian crop prospects are down nearly 25 percent from a month ago.

Projected world grain production is now about in balance with prospective use. In this country, we lost about 20 percent of the prospective U.S. cotton crop last month because of rain and hail in Texas.

Overall, U.S. farm product prices are still 3 percent below a year ago, but are up over 8 percent from last December, with the livestock sector showing significant strength.

Despite the current weakness in consumer purchasing power, livestock feeders are enjoying the first sustained positive feeding margins since 1979. In early July, hog prices had increased more than 40 percent since the first week of the year, while prices for Choice steers had risen 15 percent. Broiler prices have fluctuated widely and are up about 18 percent.

The principal factor affecting market prices has been producer adjustments in the form of a significant reduction in meat output, primarily pork. Total red meat and poultry production in the first half of the year declined 3-1/2 percent from a year earlier. Output for the balance of the year will likely run 3 or 4 percent below last year, with the largest reduction coming in pork. With consumer demand benefiting from the July 1 tax cut and with improving general economic conditions, I expect the livestock industry will enjoy its first moderately good year in some time.

Milk production has continued to exceed commercial use and surplus stocks of dairy products have continued to accumulate.

The U.S. crop sector continues to reflect the impact of large world supplies in the face of sluggish use. Demand has been weakened by the worldwide economic downturn, high interest rates, the strong dollar, and currency and credit constraints in Eastern Europe and some developing countries. Still, feed grain prices have moved up some due to tighter free stocks of grain and prospective lower U.S. production. A continued high level of soybean exports has supported prices.

While supply-demand conditions have tightened somewhat, including reserve programs isolating a significant quantity of grain from the market, further production adjustments are clearly needed if we are to bring world supplies more in line with demand and ensure a favorable return for U.S. producers.

On July 14, Secretary Block announced a 20 percent acreage reduction program for the 1983 wheat crop. Producers who participate in the program are eligible for advance deficiency payments. The advance payments will encourage participation and provide farmers with additional cash flow at planting time.

The acreage reduction program was implemented to strengthen wheat prices and limit the buildup in stocks. U.S. wheat stocks at the beginning of the 1982 crop season totaled 1.16 billion bushels, and by the end of the crop season are expected to reach 1.25 billion, the highest level in 20 years. Farm prices of wheat have fallen below the \$3.55 per bushel loan rate and it appears that deficiency payments of close to \$600 million will be paid to 1982 program participants.

The 1983 wheat program is designed to take 6-10 million acres of wheat land out of production, thus easing the supply problem and

raising prices. Participation in the 1983 program could reach 60-70 percent of the wheat base compared with an estimated 50 percent for the 1982 program. The early program announcement, a higher target price and advance deficiency payments should result in higher participation and stronger prices.

Program participant benefits include a \$4.30 per bushel target price, \$4.00 reserve loan, \$3.55 regular loan, \$.265 per bushel reserve storage payment, and an advance deficiency payment of about 25 cents per bushel. A decision on whether to allow immediate entry into the reserve will be made at a later date.

Corn prices over the next few months should strengthen, although there is no way to know the magnitude, given the instability always present from such factors as weather and economic conditions. World grain stocks are large and do serve as a damper on upward price movements, but they represent only about 16 percent of annual utilization. This would be around the level of stocks with which we entered the 1979/80 season and which were subsequently drawn down very sharply.

During the 1960's grain stocks ranged from 17 to 28 percent of utilization with an average level around 20 percent. What is different is that the U.S. is carrying a larger share of the total stocks—nearly one-half—than at any time in the last 20 years. In 1981/82 world grain stocks are expected to increase by 34 million metric tons, with U.S. stocks increasing by 33 million, or more than 50 percent.

Are Our Farmers Prepared To Efficiently Market Their Products in a More Unpredictable Environment?

The environment in which today's farmer finds himself is in marked contrast to the past. The major factors shaping U.S. and world agriculture in the past few years include high interest rates, a strong dollar abroad, political instability, trade problems and budget deficits. The U.S. and world economies are undergoing significant economic, political and social readjustments that appear to overshadow the more traditional—and more comfortable—agricultural indicators.

Internal and external policies throughout the world are in a state of interaction and evolution, and agriculture has a tremendous stake in this adjustment process. For example, while our grain prices have

slipped, the cost of our products abroad have risen dramatically due to the strengthening of the dollar. The trade-weighted average price is up 30 percent from last year. This is just one of the many external factors that can affect farmers and demonstrates the need for appropriate marketing strategies.

I wonder whether farmers are making the necessary adjustments in marketing strategies and whether they need additional help in adjusting to markets that fluctuate due to external factors beyond the normal uncertainties of weather and the like. If anything is certain about the future, it is that it will be uncertain.

The farm sector can look forward to peaks and valleys in their economic opportunities and will have to adjust their approach to the marketplace in recognition of this fact. Obviously the grains, oilseeds and cotton sectors are in one of those valleys today, and the livestock industry is coming out of the difficult times that they experienced for the past three years. Conditions change rapidly in agriculture and a bin which holds surplus grain today may be part of the minimum pipeline supplies tomorrow. But do farmers recognize the changing nature of the market and know how best to take advantage of the market opportunities that are available to them?

I asked this because it seems that in the years ahead, the price of a commodity in a normal year may fluctuate up to 25 percent, or more depending on the time of year. With these kinds of price movements, it becomes crucial when the commodity is sold as to the profit or loss in a farming operation.

In seeking to reduce government involvement in agriculture and to enhance the operation of the marketplace, this administration is seeking to provide the farmer the one thing we believe he wants: opportunity. While farmers do want a minimum degree of assistance when they genuinely need it as the Agriculture and Food Act of 1981 provides, they are not looking for handouts or bailouts. They want an opportunity, like other businesses, to deliver the best product for the lowest price.

But if we provide the environment for greater opportunity, will the farmer be prepared to take advantage of it? In the past three decades we have, in general, encouraged farmers to be producers. We promoted extensive federal, state and local cooperative arrangements to research,

develop and implement new production technologies encompassing development of equipment, seed, pesticides, fertilizers and so forth.

The results were dramatic as gains in productivity in the agricultural sector far outstripped the performance in any other sector of the economy. Now we are asking the farmer and his family to be more complete businessman who can seize an opportunity in the marketplace as readily as he has seized production technology in the past.

It appears that the agricultural community, in its broadest terms, is about to embark upon a revolution in marketing that will rival the production revolution of the past three decades. But the farmer is not going to make the transition in a vacuum. All of you will be an integral part of the transition and will be impacted by it. Every industry, firm or individual that deals with agricultural products, no matter how remote from the production stage, will be affected.

Since we will all gain from a more prosperous agriculture, it is essential that we begin an effective dialogue not only on issues relating to improving the market mechanisms but more importantly on how to improve the farmers' abilities to be more astute marketers.

It seems to me that the marketing issue has focused heavily on the improvement in the operation and function of the marketplace. When I ask people what are the new developments in marketing, I get long descriptions of areas of concern such as the relevancy of our current marketing institutions, changes in grades and standards, experiments in electronic marketings, improvements in organization and control of commodity exchanges, new trading tools such as options trading, and new computer technology to deliver larger and larger amounts of information at faster and faster speeds.

All of these developments are relevant and certainly part of the revolution I think we all could expect. But one ingredient is missing. In the desire to implement new technologies to make markets more efficient, I feel we may have forgotten one of the participants that the markets are to serve: the farmer.

I fear we are creating a bigger and bigger box of tools to gain access to the opportunities we are attempting to make available in a competitive market and we are forgetting to give the farmer the key to unlock the toolbox. And without the tools he is becoming increasingly

more vulnerable than other participants to the risks that are inherent in a competitive market.

In March, I testified before the Senate Agriculture Committee and recommended the removal of the 1936 ban on agricultural options trading, subject to the understanding that such trading would not start until after the Commodity Futures Trading Commission and the commodity exchanges have completed their pilot program with option trading of other commodities, evaluated its feasibility and developed procedures that are essential for effective control of trading abuses.

While I still feel that options trading could be a particularly useful tool for the smaller farmers, I am concerned about how the farmer will obtain the understanding to make use of the tool to reduce the risk associated with the peaks and valleys of agricultural markets.

Today's farmer can, on any given day, receive production estimates of every major crop in every part of the world, price quotes for both cash and futures for any number of markets, weather data, economic assessments and much more than he can ever digest. And, he doesn't even have to leave his farm!

Also, as each day passes, we are developing better systems to deliver even more. Unfortunately for most farmers, we have not provided them the key to sort out the relevant information and make use of the tools which will allow them to seize their opportunities in the marketplace.

I don't want to imply that nothing is being done in this area, because I know of numerous government, university and private sector efforts designed to expose and educate the farmer to the tools available. This conference and many of its participants are representative of the efforts that are needed.

What I am saying is that it is not enough, and we collectively must do more to return the opportunity to the farmer. There is a legitimate role for both the public and private sector and collectively we should provide the keys to both large and small producers in a form that allows them to have a greater control of their economic future. To accomplish this objective we need to more aggressively interact on alternative approaches and possible joint efforts.

I think it is critical that we gain a greater understanding of how farmers, depending on characteristics such as size, ownership

arrangements and commodities produced, are currently coping with the risks and opportunities that today's markets offer.

What is it that farmers really want and need in the marketing area? How many farmers are utilizing futures markets today and what is limiting more widespread use? How are they gaining an understanding of the marketing alternatives? What types of information do they need to make effective decisions? Are our current marketing institutions still relevant?

These are just a few issues that need research if we are going to effectively assist our farmers in today's markets.

The U.S. Department of Agriculture is reviewing very carefully the types of research and extension activities underway in all of its agencies to ensure that the balance of basic and nonbasic research reflects the actual needs of our farmers. Clearly we must serve the farmers as effectively with marketing research and education as we have served them in the past with basic production research. At the same time we must work with the private sector, local governments and universities in establishing the proper and most effective role for each in this nonbasic research and education area.

It is not just the farmers' future that is in question. As I indicated earlier, everyone has a stake in this revolution and if we continue without the farmer, the implications for the input industries, the processing industry and the entire wholesale and retail network are tremendous.

A farmer who is capable of seizing his opportunities in the marketplace will generate even more opportunities for those in related industries. If he or she is bearing too much of the risk and is unable to take advantage of the opportunities, he or she will generate little for other sectors.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA INVESTIGATORS STAGE MASSIVE CRACKDOWN ON FOOD STAMP FRAUD

WASHINGTON, July 16—Federal, state and local authorities today climaxed a four-month undercover food stamp fraud operation involving more than 140 alleged offenders in the Las Vegas area.

Sixty-five were charged with illegal trafficking in food stamps. They face possible five-year prison terms and fines of \$5,000 on each count.

About 50 to 55 food stamp recipients will face federal charges of violating federal food stamp law and could draw five years each in prison or fines of \$10,000 on each count if found guilty.

Another 32 people were charged with violating state food stamp laws in Clark County Court.

The investigation is being conducted under the guidance of Lamond R. Mills, the U.S. attorney for the District of Nevada, who will prosecute the federal cases.

"This investigation and undercover operation is one of the largest food stamp fraud and trafficking operations ever conducted by the U.S. Department of Agriculture's Office of Inspector General," said John V. Graziano, USDA's inspector general.

Graziano said that "Operation Las Vegas" was conducted by special agents of the USDA Office of Inspector General, with cooperation and assistance from U.S. Secret Service, the Nevada State Welfare Department and the Intelligence Division of the Las Vegas Metropolitan Police Department.

During the investigation, undercover agents used food stamps to purchase a long list of items, including one house, two Cadillac cars, cocaine, marijuana, a rifle, a sawed off shotgun, a pump shotgun, a 38 caliber revolver, a chain saw, a 1978 Chevrolet van, a three-wheeled motorcycle, seven television sets, two stereo units, four radios, two sets of tires, miscellaneous tools, jewelry, clothing, gasoline, auto parts and repairs, counterfeit drugs and a Mexican Macaw parrot.

In the recipient fraud cases, about 90 recipients have been identified to date who received food stamps to which they were not entitled. These recipients under-reported income and, as a result, they received

approximately \$130,000 in excess food stamps. They include people with jobs they did not report or another household member who had an unreported job.

The investigation is continuing.

Graziano said the goal of his investigators is to ensure that food stamp benefits go only to those who truly need them and are used only to purchase food.

#

USDA INCREASES COTTON CLASSIFICATION FEES

WASHINGTON, July 16—The U.S. Department of Agriculture today increased the fee it charges producers for cotton classing services from 60 cents to 67 cents per sample. Also, a 5 percent fee increase for a review classification and to rewrite classification memoranda takes effect today.

At the same time, USDA has proposed an increase to cover cotton futures classing, cotton linters grading and related services, and the supervision of cottonseed grading to take effect Oct. 1. The affected services are used mainly by merchants, manufacturers and cottonseed breeders.

According to Jesse Moore, a cotton marketing official with USDA's Agricultural Marketing Service, the user fees—initiated last October—have been inadequate to cover the cost of providing these services.

"We set these fees based on limited information and projections such as the size of the potential 1982 crop, the volume and value of loose samples and the level of producer participation," Moore said. "An additional increase could be necessary later in the year," he said.

Both the interim final rule for classing services to producers and the proposal for fee increases appears in the July 16 Federal Register. Comments on either should be sent before Sept. 16 to Loyd R. Frazier, marketing services branch, room 306 Cotton Annex, AMS, USDA, Washington, D.C. 20250.

#

FEEDING SITES FOR LOW-INCOME ELDERLY ANNOUNCED

WASHINGTON, July 19—Detroit, Mich., and Des Moines, Iowa, have been selected as the sites for demonstration food programs for low-income elderly persons, an official of the U.S. Department of Agriculture said today.

Mary C. Jarratt, assistant secretary of agriculture for food and consumer services, said the projects will examine various food packages and delivery systems for providing supplemental foods to the low-income elderly. The sites will receive a total of \$480,000 for operation of the projects.

The two sites were selected on a competitive basis from among a number of projects that already participate in a supplemental food program for infants, children and low-income mothers.

Those eligible to participate in the pilot projects are low-income people, 60 years of age or older, who qualify for some type of public assistance.

"The projects will focus on providing foods to the homebound. They will include provisions for direct distribution to the homes of the elderly," Jarratt said. "These projects represent a unique opportunity for government to work with the private sector in a cooperative effort to address the needs of low-income elderly people."

Volunteers will deliver foods to homes of the participants when possible and will rely heavily on the participation of the private sector and the local community.

#

EXHIBIT TO FEATURE AGRICULTURE AND REMOTE SENSING

BELTSVILLE, Md., July 20—An exhibit that shows how remote sensing from space helps agriculture will be displayed at the U.S. Department of Agriculture's National Agricultural Library here.

Opening ceremonies for the exhibit, presented in cooperation with the Lyndon B. Johnson Space Center in Houston, will start at 3 p.m.

July 23. Thereafter, it will be open to the public from 8 a.m. to 4:30 p.m. daily except weekends through Aug. 27.

Designers built the exhibit around "AgRISTARS" (Agriculture and Resources Inventory Surveys Through Aerospace Remote Sensing), a joint effort of the USDA, the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce and the U.S. Department of Interior.

The Agency for International Development is participating as an observer and a potential user in the future.

"AgRISTARS is valuable to the USDA in addressing national and international issues on supply, demand and competition for food and fiber," said Richard A. Farley, director of the library.

Purpose of the program is to test the usefulness and cost of aerospace remote sensing data and the extent to which it can be integrated into existing or future USDA systems.

The National Agricultural Library is located off the Washington Capital Beltway (Exit 25-A) and U.S. Route 1 in Beltsville.

#

SUGAR IMPORT FEES REDUCED AS DOMESTIC PRICES RECOVER

WASHINGTON, July 20—Import fees for both raw and refined sugar will be reduced by one cent per pound, to 2.4193 and 3.4193 cents, respectively, effective July 21, Secretary of Agriculture John R. Block announced today.

Block said the change is required under the terms of presidential proclamation 4940 which provides for a flexible import fee system responsive to changes in domestic sugar prices.

In addition to regular adjustments at the beginning of each calendar quarter, changes are required whenever the ten-day average of the domestic spot price, quoted by the New York Coffee, Sugar and Cocoa Exchange, exceeds the market stabilization price by more than one cent. The market stabilization price, currently 19.88 cents, reflects the support program established by the Agriculture and Food Act of 1981.

"Domestic sugar prices have been recovering gradually during the last two months from the low levels of last winter and spring," Block said. "This is a direct and intended result of the measures taken by President Reagan in early May to make the support program work."

Since last fall, world sugar prices have been at distress levels because of a world surplus, Block said. Imports have been abnormally large, particularly since late 1981 when the support program was enacted.

To forestall massive government expenditures for the purchase of displaced domestic sugar, President Reagan in May imposed import quotas and strengthened the import fees system.

World prices have recently increased somewhat, but are still very weak, Block said.

During the base period for the present adjustment, July 1-15, the domestic spot price averaged 21.77 cents per pound, raw value. The next base period of ten consecutive market days begins on July 22. If domestic prices during that period, or any subsequent ten-day period average 20.89 cents or more, a further one-cent fee reduction will be triggered.

#

USDA RECOMMENDS AMENDING OLIVE MARKETING ORDER

WASHINGTON, July 21—A major change in the federal marketing agreement and order program for olives grown in California would authorize California's Olive Administrative Committee to credit part of an olive handler's assessment for brand advertising expenses.

Based on evidence presented at a public hearing last December in Fresno, Calif., the U.S. Department of Agriculture has recommended amending this federal marketing agreement and order program, according to Charles Brader, a marketing official with USDA's Agricultural Marketing Service. USDA will accept public comments on the recommended decision until Aug. 6.

The marketing order currently authorizes grade and size regulations, production and marketing research and olive promotion activities including generic advertising.

Brader said olive growers recently voted on a number of other proposals that were developed from evidence presented at the December hearing.

Comments on the recommended decision should be sent in duplicate to the Hearing Clerk, rm. 1077-S, USDA, Washington, D.C. 20250, where anyone may see them.

The recommended decision is scheduled to be published in the July 22 Federal Register, available at many public libraries. Copies of the recommendation also are available from Richard VanDiest, AMS, USDA, Federal Bldg., 1130 "O" St., rm. 314, Fresno, Calif. 93271; phone (209) 487-5175.

#

USDA ISSUES INTERIM RULES FOR PRODUCING COOKED ROAST, CORNED BEEF

WASHINGTON, July 22—The U.S. Department of Agriculture moved today to tighten requirements for the production of cooked corned beef, beef and roast beef in federally inspected plants to reduce the potential for salmonella contamination.

The measures include tighter sanitation requirements and humidity controls for preparing cooked and roast beef.

They also specify that the product be marked with the date of production and establish additional handling and storing requirements, said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

"Because of the health risk involved, the interim regulations will become effective immediately," Houston said. "USDA is taking comments from the public until Sept. 21. USDA will then review the interim regulations before making them final."

Houston said investigations of a number of outbreaks of salmonellosis since 1977 showed that meat processors either did not use the USDA-prescribed cooking time and temperature combinations or

failed to maintain good sanitation practices. Failure to keep raw and cooked products separate, for instance, may cause the cooked products to become recontaminated, he said.

Comments should be sent in duplicate by Sept. 21, to Annie Johnson, FSIS Hearing Clerk, Rm. 2637-S, Regulations Office, USDA, Washington, D.C., 20250.

Notice of the action is scheduled to be published in the July 23 Federal Register, available in many public libraries.

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USDA AMENDS PURCHASE SPECIFICATIONS FOR BEEF LIVER AND DICED PORK

WASHINGTON, July 22—It should be easier and less expensive for meat packers to prepare beef livers and diced pork under new institutional meat purchase specifications developed by the U.S. Department of Agriculture.

The USDA has amended its institutional meat purchase specifications for edible by-products to simplify trimming procedures for portion-cut frozen beef livers. It also has amended its purchase specifications for diced pork to allow any cut or combination of cuts to be used in preparing diced pork. Both changes are scheduled to go into effect Aug. 2.

Thomas H. Porter, an official with USDA's Agricultural Marketing Service, said government agencies and private concerns use the institutional specifications to buy large quantities of edible by-products and fresh pork products.

USDA also has institutional meat purchase specifications for fresh beef; fresh lamb and mutton; fresh veal and calf; cured, cured and smoked and fully cooked pork products; cured, dried and smoked beef products, and sausage products.

USDA, on request from institutions such as hospitals, schools, state governments and the military, examines meat and meat products to determine whether the products comply with specific contract requirements. USDA charges a fee for this service.

Copies of the specifications and amendments are available from Michael L. May, Rm. 2-M Annex, AMS, USDA, 300 12th St., S.W., Washington, D.C. 20250. Telephone: (202) 447-4486.

#

BEEF LIVER, TURKEY, CHICKEN, WHOLE HAM, GROUND BEEF AND PORK SHOULDER STILL BEST MEAT BUYS, USDA SAYS

WASHINGTON, July 23—Beef liver, turkey, chicken, whole ham, ground beef and pork shoulder were again found to be the most economical meat buys in a second study by the U.S. Department of Agriculture.

Prices in the study, which included meat alternates as well as selected types and cuts of meat, poultry and fish, were based on four consecutive weeks in June 1982 in five Washington, D.C., area supermarkets. The first study was in the same area in February 1982.

Some meat alternates—such as dry beans and peas, peanut butter and eggs—were also good buys in protein, according to Esther Winterfeldt, administrator of USDA's Human Nutrition Information Service.

"These foods also provide certain other nutrients for which meat, poultry and fish are valued," Winterfeldt said.

The study compared the costs of 20 grams of protein—about one-third the recommended allowance for a young man—from selected meats and alternates. USDA intends to repeat this study every year in February.

"While a three-ounce serving of cooked lean beef, pork, lamb, veal, chicken, turkey or fish provides about 20 grams of protein or more, it takes well over a serving of some alternates and meat products to get 20 grams," she said. "For example, it takes one and one-half cups of cooked dry beans, four frankfurters or 10 slices of bacon to provide 20 grams of protein."

Winterfeldt said consumers can use the following tables—which are based on Washington, D.C., prices in June 1982—as guides for obtaining comparable costs for meat and alternates in other locations.

To do this, multiply the part of the market unit figure by the local price per unit.

**Cost Of 3 Ounces Of Cooked Lean From Specified Meat,
Poultry And Fish At June 1982 Prices**

Food	Retail price per pound	Part of pound for 3 ounces of cooked lean	Cost of 3 ounces of cooked lean
Beef liver	\$0.96	.27	\$0.26
Turkey, ready-to-cook	.72	.41	.30
Chicken, whole, ready- to-cook	.62	.55	.34
Ham, whole, bone in	1.25	.35	.44
Ground beef, regular	1.61	.28	.45
Pork shoulder, smoked, bone in	1.03	.46	.47
Ground beef, lean	1.89	.26	.49
Ocean perch, filet, frozen	1.94	.27	.52
Ham, canned	2.25	.25	.56
Chicken breasts	1.45	.40	.58
Haddock, filet, frozen	2.31	.27	.62
Chuck roast of beef, bone in	1.63	.45	.73
Rump roast of beef, bone out	2.40	.34	.82
Pork loin roast, bone in	1.64	.51	.84
Round beefsteak, bone in	2.99	.34	1.02
Pork chops, center cut	2.66	.45	1.20
Sirloin beefsteak, bone in	3.35	.43	1.44
Rib roast of beef, bone in	3.51	.45	1.58
Lamb chops, loin	4.92	.46	2.26
Porterhouse beefsteak, bone in	4.39	.52	2.28

*An average using prices for 4 consecutive weeks in 5 Washington, D.C. area supermarkets.

**Cost Of 20 Grams Of Protein From Specified Meats
And Meat Alternates, June 1982 Prices**

Food	Market unit	Price per market unit ¹	Part of market unit to give 20 grams of protein ²	Cost of 20 gram of protein
Dry beans	lb	\$0.57	.24	\$0.14
Bread, white, enriched ³	22 oz	.44	.37	.16
Eggs, large	doz	.80	.28	.22
Beef liver	lb	.96	.24	.23
Turkey, ready-to-cook	lb	.72	.33	.24
Chicken, whole, ready-to-cook	lb	.62	.42	.26
Peanut butter	12 oz	1.19	.23	.27
Milk, whole, fluid ⁴	half-gal	.98	.31	.30
Bean soup, canned	11.25 oz	.40	.82	.33
Pork shoulder, smoked, bone in.	lb	1.03	.32	.33
Ham, whole, bone in	lb	1.25	.30	.38
Tuna, canned	6.5 oz	.87	.44	.38
Chicken breasts	lb	1.45	.27	.39
Ground beef, lean	lb	1.89	.25	.47
Sardines, canned	3.75 oz	.57	.86	.49
American process cheese	8 oz	1.23	.40	.49
Frankfurters	lb	1.39	.39	.54
Pork loin roast, bone in	lb	1.64	.33	.54
Ham, canned	lb	2.25	.24	.54
Chuck roast of beef, bone in	lb	1.63	.35	.57
Ocean perch, filet, frozen	lb	1.94	.31	.60
Liverwurst	8 oz	.94	.65	.61
Pork sausage	lb	1.28	.48	.61

Table continued on next page

**Cost Of 20 Grams Of Protein From Specified Meats
And Meat Alternates, June 1982 Prices— *Continued***

Food	Market unit	Price per market unit ¹	Part of market unit to give 20 grams of protein ²	Cost of 20 gram of protein
Rump roast of beef, bone out	lb	2.40	.26	.62
Round beefsteak, bone in	lb	2.99	.23	.69
Haddock filet, frozen	lb	2.31	.31	.72
Salami	8 oz	1.17	.63	.74
Bacon, sliced	lb	1.45	.52	.75
Bologna	8 oz	1.04	.75	.78
Pork chops, center cut	lb	2.66	.35	.93
Sirloin beefsteak, bone in	lb	3.35	.28	.94
Rib roast of beef, bone in	lb	3.51	.33	1.16
Porterhouse beefsteak, bone in	lb	4.39	.34	1.49
Lamb chops, loin	lb	4.92	.32	1.57

¹An average using prices for four consecutive weeks in five Washington, D.C., area supermarkets. Prices for processed items are for the least costly brand in the market unit specified.

²One-third of the daily amount recommended for a 20-year-old man. Assumes that all meat is eaten.

³Bread and other grain products, such as pasta and rice, are frequently used with a small amount of meat, poultry, fish, or cheese as main dishes in economy meals. In this way the high-quality protein in meat and cheese enhances the lower quality of protein in cereal products.

⁴Although milk is not used to replace meat in meals, it is an economical source of good-quality protein.

Source: U.S. Department of Agriculture, Human Nutrition Information Service, Consumer Nutrition Center, Hyattsville, Maryland 20782.

PRIVATE TEAM TO REVIEW MEXICO-U.S. SCREWORM PROGRAM

WASHINGTON, July 23—A private consultant group has been contracted by the U.S. Department of Agriculture's Animal and Plant Health Inspection Service to conduct a review of the Mexico-United States program to eradicate screwworms from Mexico and prevent their re-entry into the United States.

The study will be done by a team of scientists under the direction of Charles Lincoln, professor emeritus, department of entomology of the University of Arkansas, and William G. Eden, professor emeritus, entomology and nematology department of the University of Florida. Professors Lincoln and Eden directed a similar study of the southwestern U.S. screwworm eradication program in 1974.

"We want to get a fresh, outside view of our operations that will help us make sure we are on target in every aspect of this complex international program," said Harry Mussman, administrator of APHIS.

"The 1974 study by Lincoln and Eden resulted in a number of useful recommendations," Mussman said. "The southwest program eventually freed the region of the screwworm parasite of livestock that was costing stockmen over \$100 million a year."

Screwworms in the fly stage of their life cycle lay eggs on animal wounds. The eggs develop into larvae that burrow into the wound and feed on the host animal's live flesh, causing serious injury or death.

Seasonal invasion of the U.S. by screwworms from Mexico, along with losses experienced by Mexican stock producers, eventually led to a cooperative program by the two countries to push screwworms deep into southern Mexico. Eradication operations that began in Mexico in 1976 have virtually freed the northernmost Mexico states of the insect, and have eliminated it entirely in the states of Baja California, Baja California Sud and Sonora.

"Several years ago," Mussman said, "we set a goal of eradicating screwworms down to the Isthmus of Tehuantepec in southern Mexico by 1984. Among other things, we hope the Lincoln-Eden study will show us if that is still a realistic target."

Program strategy calls for establishing a biological barrier at the narrow isthmus to control northward movement of screwworms. The barrier will be formed by continually releasing laboratory-reared,

sexually sterile screwworm flies that mate with native screwworm flies. No young are produced from the matings, thus controlling the insect's capacity to multiply and spread.

Mussman said that the consultant team will complete its study and report its recommendations within 60 days.

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